

## **The complaint**

Mrs W complains that Nationwide Building Society didn't tell her that she wasn't paying enough to her mortgage, with the result that it went into arrears. She complains about the impact of that on her credit file.

## **What happened**

Mrs W has a mortgage with Nationwide. The mortgage is made up of two separate accounts, with separate interest rates and separate monthly payments.

In April 2022, Mrs W took a new interest rate on one of the accounts. Nationwide wrote to her to confirm that from May 2022 her new monthly payment on that account would be £489. The monthly payment on the second account was £117.

Payments for the first account are collected automatically, but Mrs W makes manual payments to the second account. In May and June 2022, Mrs W paid £117 as required. She then paid £118 per month until November. From December 2022, she paid £110 per month – around £7 less than was due.

Nationwide doesn't write to customers to tell them that their mortgage is in arrears unless the total amount of arrears exceeds the equivalent of one month's payment. So Nationwide didn't notify Mrs W that she was underpaying account two – though the mortgage annual statements did set out the amount due and the amount she was actually paying. By the time of the annual statement at the end of 2023, account two was around £79 in arrears – still less than the equivalent of one month's payment.

By June 2024, the arrears had reached £120 – so by now more than the equivalent of one month's payment. Nationwide wrote to Mrs W to tell her of the arrears. It also reported that the account was in arrears to her credit file. In July Ms W made an overpayment to cover both that month's payment, and to substantially reduce (though not clear in full) the arrears. The arrears were cleared completely by the end of 2024.

Ms W complained. She said that Nationwide should have told her sooner that she was underpaying – if it had, she would have put that right and the account would not have reached one month's worth of arrears or been reported to her credit file. She said that she had been trying to re-mortgage to raise funds to buy out her former partner's share of the property but hadn't been able to do so because of the arrears marker. She said that in any case she wasn't over one month in arrears on her mortgage taken as a whole – so even under Nationwide's policy it should never have been reported. She had been caused a great deal of distress as a result.

Nationwide said that the arrears marker accurately reflected the conduct of Ms W's mortgage account. It had correctly reported that the account was the equivalent of one month in arrears when it was.

Our investigator said that Nationwide should have done more to make Mrs W aware she was underpaying. If it had done so, Mrs W might well have resolved the problem before

Nationwide reported it to her credit file, so she said Nationwide should remove the arrears marker.

Nationwide accepted that. But Mrs W didn't think it went far enough. She said that Nationwide should also compensate her for the consequences of the arrears marker. She said it had caused much upset, and had led to her paying more interest than she otherwise would have done.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

This mortgage began in 2012. It was set up from the start as two separate accounts. That's because Mrs W had ported a previous mortgage – part one – and also taken out additional borrowing for the new purchase – part two. The two parts of the mortgage were not just on different interest rates, they also had different features. The old ported balance was a flexible mortgage, and Mrs W retained those features when the new mortgage was set up on that part of the borrowing. But Nationwide no longer offered those flexible features, so they were not included on part two of the borrowing.

Therefore, in order to facilitate having two separate borrowing sums of different amounts with different interest rates, different terms and different features, Nationwide set up two accounts on its system. So this was one mortgage – in the sense that all the borrowing was secured by a single charge on Mrs W's property. But it was two loans. It's for that reason there were two credit file reports, one for the ported part one balance and one for the further borrowing part two balance. And that's why Nationwide made a report when the arrears on one of those loans exceeded the equivalent of one month's payment.

To that extent, what Nationwide reported to Mrs W's credit file was accurate. She had two mortgage loans. One was up to date, and one – in June 2024 – was in arrears by more than one month's worth of payments. That's what Nationwide reported, and that was true.

I agree that Nationwide could have contacted Mrs W sooner to tell her that she was underpaying on one of the loans and what the consequences of that might be. Given that Mrs W did clear the arrears once she learned of the credit file report, and given what she's said about her circumstances and her need to re-mortgage at that time, I think it's likely she would have sorted things out sooner if Nationwide had done that.

However, I don't think I can fairly say that Nationwide was entirely to blame. It could have specifically written to her to tell her she was underpaying and at risk of reportable arrears, for example. And it didn't do that. But Mrs W was making manual payments on this part of the mortgage – if there was a direct debit, the onus would be on Nationwide to collect the right amount. But if there isn't, then the onus is on Mrs W to send the right payment.

And Nationwide did tell Mrs W about this in other ways. It had told her what the monthly payments were when she took a new fixed rate in 2022 – the letter said the monthly payments on this part of the mortgage were £117.03 from 28 May 2022 for the duration of the three year fixed rate.

The annual statements also set out what Mrs W was required to pay and what she was paying. The statement sent in January 2024, six months before the missed payment marker, shows a list of payments due throughout 2023 of £117.03 per month, and a list of payments received over the same period of £110 per month. It includes the following:

“Arrears balance as at 31 Dec 2023                      £78.65

Note: The arrears balance shown represents the amount due less the amount you have paid as at 31 Dec 2023.”

In the circumstances, I don't think it's fair that Nationwide takes full responsibility for the arrears marker. It was correct, in that it represented the history of Mrs W's mortgage and the payments she had actually made. While Nationwide could have expressly warned her that she was at risk of an arrears marker, it did tell her what she was required to pay, what she was actually paying, and that the mortgage was in arrears.

Nationwide has now agreed to remove the marker, and has done so with effect from July 2025. That's fair. But I don't think I can fairly require it to compensate Mrs W for the consequences of the marker having been there, when the underlying reason for it was that Mrs W wasn't paying the full amount

### **My final decision**

Now that Nationwide Building Society has removed the report of arrears from Mrs W's credit file, my final decision is that I don't require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 17 October 2025.

Simon Pugh  
**Ombudsman**